

EXEC-2009-004076



## State of New Mexico Office of the Governor

Bill Richardson  
Governor

March 3, 2009

The Honorable Steven Chu, Secretary  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

### Re: State Energy Program Assurances

Dear Secretary Chu:

As a condition of receiving New Mexico's portion of the \$3.1 billion funding for the State Energy Program (SEP) under the American Recovery and Reinvestment Act of 2009 (H.R. 1) (ARRA), I want to assure you that the State of New Mexico will meet the requirements of Section 410 of ARRA. To amplify that general assurance I offer the following:

New Mexico already has a law, the Efficient Use of Energy Act (NMSA 1978, 62-17-1 through 11) that requires our Public Regulation Commission (PRC) to provide cost recovery for utilities undertaking cost-effective energy efficiency programs. The policy behind this act is as follows:

It is the policy of the Efficient Use of Energy Act [62-17-1 NMSA 1978] that public utilities, distribution cooperative utilities and municipal utilities include all cost-effective energy efficiency and load management programs in their energy resource portfolios, that regulatory disincentives to public utility development of cost-effective energy efficiency and load management be removed in a manner that balances the public interest, consumers' interests and investors' interests and that the commission provide public utilities an opportunity to earn a profit on cost-effective energy efficiency and load management resources that, with satisfactory program performance, is financially more attractive to the utility than supply-side resources.

The PRC issued a notice of proposed rule-making to fully implement this Act and amendments to it in 2008 to require specific levels of savings. For electric utilities the required savings set by law are the following: "[S]avings of five percent of 2005 total retail kilowatt-hour sales to New Mexico customers in calendar year 2014 and ten percent of 2005 total retail kilowatt-hour sales to New Mexico customers in 2020 as a result of energy efficiency and load management programs implemented starting in 2007."

The second required assurance addresses, first, revising our building codes. I am directing the New Mexico Regulation and Licensing Department, Construction Industries Division (CID) to propose new building codes to the New Mexico's Construction Industries Commission (CIC), the entity with authority to adopt codes, to bring the State's residential and commercial building codes to meet or exceed the most recently published International Energy Conservation Code or ANSA/ASHRAE/INSA Standard 90.1-2007, depending on the nature of the building, per the ARRA. I am also directing the Energy Conservation and Management Division (ECMD) of the Energy, Minerals and Natural Resources Department to work with CID to develop a plan that implements the new codes so that within eight years of the date of ARRA at least 90 percent of new and

renovated residential and commercial building space will be in compliance with the codes. The plan will include active training and enforcement programs and will reassure the rate of compliance each year.

For the third assurance, we are prioritizing our energy investments (grants) toward funding energy efficiency and renewable energy programs. We have a range of programs in law and policy. ECMD administers existing programs for energy efficiency and for the development of renewable resources. We have seen growth in these areas and expect them to continue to grow. The Legislature is currently considering several measures to make these even more attractive as we work to develop renewable resources in the state.

New Mexico will continue to take a leadership role in the advancement of groundbreaking energy efficiency policies and practices through concrete legislative and executive level policies. I have issued Executive Orders that require new and renovated state buildings to meet energy efficiency and green building standards, greenhouse gas emission reductions statewide, and energy efficiency improvements statewide. We are also already working with other states through the Western Climate Initiative to reduce greenhouse gases. We have also implemented the New Mexico Renewable Energy Transmission Authority to work within this state and with other states to develop transmission and energy storage facilities to promote the development of renewable resources. While this is not a grant program, it does provide financing to build new transmission lines deliver renewable resources to market. The ECMD will expand the programs it administers, including energy efficiency grants and programs. It also has statutory authority for loan programs, some of which have not yet been used. ECMD will promote these and other opportunities as they expand the users of our energy efficiency and renewable energy programs. I assure you New Mexico will continue to move forward in all these critical energy efficiency and renewable energy areas.

We look forward to immediate distribution of the Federal SEP funds to permit New Mexico to make rapid and effective progress in energy efficiency and renewable energy. If you or your staff require more information, please do not hesitate to contact Joanna Prukop, Cabinet Secretary of the Energy, Minerals and Natural Resources Department, at 505-476-3221 [Joanna.Prukop@state.nm.us](mailto:Joanna.Prukop@state.nm.us), or Sarah Cottrell, my Energy and Environmental Policy Advisor, at 505-476-2241 or [Sarah.Cottrell@state.nm.us](mailto:Sarah.Cottrell@state.nm.us).

We assure you we have the authority and the will to use the stimulus funds effectively.

Respectfully submitted,



Bill Richardson  
Governor

BR:mm

cc: Gil Sperling, State Energy Director  
U.S. Department of Energy  
Office of Weatherization and Intergovernmental Programs

David Terry, Executive Director  
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